THE MINISTER OF STATE IN THE MINISTRY OF INDUSTRY (DEPARTMENT OF INDUSTRIAL DEVELOPMENT) (SHRIMATI KRISHNA SAHI): (a) and (b) Government liberally permits licensing of new units and substantial expansion of existing units manufacturing finished leather in any permissible location so that good quality of finished leather is available for the manufacture of leather footwear and leather goods for exports. However, for the manufacture of items reserved for exclusive manufacture in the small scale sector i.e. leather footwear and other leather goods licensing of new units and substantial expansion of existing units is allowed in the organised sector subject to export obligation of 75% effective from the third year of commencement of commercial production.

Transfer of export promotion of auto Tyres and Tubes to Chemicals and Allied Products Export Promotion Council

574. SHRI SURESH KALMADI : Will the PRIME MINISTER be pleased to state :

(a) whether it is a fact that Government have issued orders to transfer the work relating to export promotion of auto tyres and tubes and rubber products back to the Chemicals and Allied Products Export Promotion Council; and

(b) if so, the reasons therefor particularly when the Rubber Board was assigned these functions only in March, 1992 ?

THE DEPUTY MINISTER IN THE MINISTRY OF COMMERCE (SHRI SALMAN KHURSHEED) : (a) Yes, Sir.

(b) At the request of Rubber Board, it was earlier decided to transfer the work relating to export promotion of auto tyres, tubes and rubber products from the Chemicals and Allied Products Export Promotion Council (CAPEXIL) to the Board as it was felt that it would give an export orientation to the Rubber Board.

However, on representation from the industry against transfer of this work to the Rubber Board and their preference to continue association with CAPEXIL, the matter was re-examined. On reconsideration, it was felt that the Rubber Board is essentially an agency for promoting the production of rubber and for looking after the interests of rubber growers. Further, CAPEXIL has been looking after this work since long and has built up certain expertise in the export of these goods. It was, therefore, decided to transfer back the export promotion work to CAPEXIL.

Increase in Trade Deficit

575. SHRI KAMAL MORARKA : Will the PRIME MINISTER be pleased to state :

(a) whether it is a fact that trade deficit has increased by 150 per cent during April-August, 1992-93 against corresponding period in 1991-92;

(b) if so, what are the problem areas; and

(c) the steps being taken/proposed to be taken to augment exports ?

THE DEPUTY MINISTER IN THE MINISTRY OF COMMERCE (SHRI SALMAN KHURSHEED) : (a) Yes. India's trade deficit during April-August, 1992 amounted to US $ 2301 million as compared to US $ 919 million during April-August, 1991, thereby registering an increase of 150.3 per cent.

(b) The increase in the trade deficit during the period April-August, 1992 was largely due to increase in imports. During this period, imports increased by 22.2 per cent, as compared to the corresponding this period, imports increased by 22.2 be recalled that there was a severe import compression during the financial year 1991-92, due to critical balance of payments situation. The increase in imports this year is, to a great extent, to compensate for this.

(c) Several changes in trade policy were introduced since July, 1991 aimed at strengthening export incentives, eliminating a substantial volume of import licensing and rationalising the import tariff structure. Rupee has been made partially convertible to encourage generation